

## Message Text

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TAGS: ENRG, EGEN, PFOR, UR, BR

SUBJECT: SOVIET-BRAZIL COOPERATION ON CAPIVARI HYDOR-ELECTRIC STATION

REF: A) BRASILIA 2431, B) MOSCOW 4631

1. SUMMARY. PRAVDA MARCH 31 CARRIES ARTICLE ON SOVIET DELIVERY OF 15,000 TONS EQUIPMENT AND WORK OF TECHNICIANS AT CAPIVARI GES (HYDROELECTRIC STATION) SITE OF BRAZIL'S PARANAPANEMA RIVER. ITEM DESCRIBES LIVING CONDITIONS OF SOVIET ENGINEERS AND 7,000 LOCAL WORKERS, QUOTES SEVERAL BRAZILIAN PROJECT OFFICIALS ON "SIMPLY INVALUABLE FACTOR" PROVIDED BY SOVIETS, AND CLAIMS CAPIVARI PROVIDING PROTOTYPE FOR LARGE ITAIPU PROJECT. SYMBOLIC PERHAPS OF SOVIET PARALLEL "CLASS-STATE" RELATIONS APPROACH (SEE REFTEL B), PRAVDA WRITER LAUDS EXPANDING ECONOMIC COOPERATION OF "MUTUAL BENEFIT" (INCLUDING 1975 52 MILLION DOLS. CONTRACT FOR SOVIET EQUIPMENT ON SOBRADINU GES), WHILE TAKING CAPIVARI "EMPLOYERS" TO TASK FOR DISCHARGING MANY WORKERS AT END OF ONE YEAR, SINCE IT "CHEAPER TO TAKE ON NEW WORKERS" THAN PAY ADDITIONAL BENEFITS TO LONG-TERM EMPLOYEES. PRESUMABLY BRAZILIAN GOVERNMENT MAINTAINS CLOSE SCRUTINY OF ACTIVITIES OF SOVIET "ENGINEERS" TO  
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PRECLUDE EXCESSIVE DEVELOPMENT OF "CLASS TIES." END SUMMARY.

2. PRAVDA REPORT BY I. GORANSKIY, "GES UNDER CONSTRUCTIONS", CARRIES RIO DE JANEIRO-MOSCOW DATES, AND DESCRIBES WRITER'S VISIT TO CONSTRUCTION SITE OF CAPIVARI HYDROELECTRIC STATION ON PRAANAPANEMA RIVER. ACCORDING ARTICLE SOVIETS ARE COMPLETING DELIVERY OF ABOUT 15,000 TONS EQUIPMENT (INCLUDING FOUR 160,000 KW TURBINES, AND FOUR LARGE GENERATORS) ON SCHEDULE. CONSTRUCTION CHIEF

ANTONIO VIJERA NETTO QUOTED TO EFFECT TIMELY DELIVERY OF ALL EQUIPMENT INSURES START-UP OF FIRST AGGREGATE IN MAY 1976. GORANSKIY TWO-DAY COMBINED AIR-AUTO TRIP FROM RIO REQUIRED "OVER ONE MONTH" FOR LARGE TRUCKS HAULING SOVIET EQUIPMENT.

3. CAPIVARI HOUSING AREA IS DESCRIBED AS SMALL VILLAGE WITH ONE-STORY "COTTAGES" FOR FAMILIES OF ENGINEERS, ASPHALT SIDEWALKS, NEWLY PLANTED TREES. OTHER AMENITIES INCLUDE "TINY" HOTEL WITH RESTAURANT WHICH CATERS "AT HOME" MEALS WITH SOCCER STADIUM. IN WORDS OF ENGINEER MARION TAVARES ENGINEERS AND TECHNICAL WORKERS ARE ESSENTIAL FOR CONSTRUCTION AND COSTS OF HOUSING, ETC. ARE "REPAID SEVERAL TIMES" IN FORM OF INCREASED EFFICIENCY. ARTICLE CLAIMS "SEVERAL" SOVIET FAMILIES ARE AT CAPIVARI, THE "FIRST" HYDROELECTRIC PROJECT IN LATIN AMERICA USING SOVIET EQUIPMENT. SOVIET PERSONNEL QUICKLY LEARNED A "COMMON LANGUAGE" WITH BRAZILIAN WORKERS AND WITH THEIR EXPERIENCE ON LARGE HYDRO-ELECTRIC STATIONS OF VOLGA AND SIBERIAN RIVERS PROVIDE A "SIMPLY INVALUABLE FACTOR," ACCORDING INSTALLATION CHIEF WALTER DIAZ. IN OPINION OF BRAZILIAN ENGINEERS CAPIVARI IS "PROTOTYPE" FOR LARGER ITAIPU STATION, WITH CONSTRUCTION METHODS "PROVEN" AT CAPIVARI THEN BEING USED IN LARGER SCALE AT OTHER SITE.

4. GORANSKIY WRITES THAT BRAZILIANS USE "UNUSUAL FOR US (SOVIETS)" METHODS TO RECRUIT APPROXIMATELY 7,000 LOCAL WORKERS. SINCE MAJORITY ARE ILLITERATE, SPECIAL "TESTS" OF "SHARPNESS OF WIT" ARE USED IN LIEU WRITTEN EXAMS. IF CANDIDATES SUCCESSFULLY DEMONSTRATE INDIVIDUAL ABILITY MASTER CONSTRUCTION WORK, THEY ARE HIRED. HOWEVER, IF AT END ONE YEAR THEY HAVE NOT "MASTERED SPECIALTIES" THEY ARE DISCHARGED. ALTHOUGH SCALE OF WORKER TURNOVER NOT STATED, GORANSKIY HINTS THAT DISCHARGES ARE FREQUENT SINCE "EMPLOYERS DON'T WISH TO KEEP WORKERS BEYOND ONE YEAR BECAUSE THIS QUALIFIED THEM FOR 13TH MONTH WAGES, SICK PAY, LENGTH-OF-SERVICE BONUS AND OTHER ALLOWANCES." LIMITED OFFICIAL USE

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WITH HEAVY UNEMPLOYMENT IN BRAZIL AND MANY WORKERS IN CAPIVARI AREA WILLING DO ANY TYPE WORK, IT IS "CHEAPER TO TAKE ON NEW WORKERS."

5. WITH CAPIVAR, FIRST "JOINT SOVIET-BRAZILIAN PROJECT", WELL ON WAY TO COMPLETION, GORANSKIY WRITES THAT CONTINUING COOPERATION ALREADY ASSURED. INCLUDED WILL BE EXECUTION OF 52 MILLION DOLS. AGREEMENT SIGNED LAST YEAR IN MOSCOW FOR DELIVERY OF FIVE SOVIET HYDRO-

ELECTRIC "AGGREGATES" FOR SOBRADINU STATION IN NORTHEAST BRAZIL. CAPACITY OF THIS PROJECT WILL BE "SOMEWHAT GREATER" THAN CAPIVARI. ACCORDING PRAVDA, CAPIVARI NOT ONLY "BEARS WITNESS TO MUTUAL ECONOMIC BENEFIT" BUT WILL MAKE POSSIBLE "FURTHER DEVELOPMENT OF OTHER TIES" BETWEEN BRAZIL AND THE SOVIET UNION.

6. COMMENT: BRAZILIAN EMBOFF (MOURAO) DID NOT KNOW EXACT NUMBER SOVIETS AT CAPIVARI, BUT SAID HE BELIEVED NOT MORE THAN TEN-TWELVE NORMALLY AT SITE AT ONE TIME. MOURAO HAD NOT RECEIVED COMPLETE TRANSLATION OF ARTICLE AND WAS NOT AWARE OF COMMENTS ABOUT BRAZILIAN WORKER "RECRUITMENT SYSTEM." WHEN EMBOFF DESCRIBED GENERAL CONTENT OF REMARKS MOURAO COMMENTED THAT SUCH REPORTING "NOT CONDUCIVE" TO EXPANDED COOPERATION WITH SOVIETS. EMBASSY BELIEVES INCLUSION OF CRITICISM OF PARTNER'S TREATMENT OF WORKERS IN ARTICLE ON JOINT ECONOMIC PROJECT SOMEWHAT UNUSUAL. ALTHOUGH TWO SIDES OF COIN ARE FRE

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QUENTLY DISPLAYED IN SOVIET PRESS, NORMALLY CERTAIN "DIPLOMATIC" SEPARATION IS OBSERVED. IN THIS REGARD EMBASSY NOTES THAT NOVOSTI "ABRIDGED" TRANSLATION OF ARTICLE INTO ENGLISH (AND PRESUMABLY INTO ANY OTHER FOREIGN LANGUAGES SUCH AS SPANISH) COMPLETELY OMITTED SECTION ABOUT BRAZILIAN HIRING AND FIRING PRACTICES. PRESUMABLY BRAZILIAN GOVERNMENT IS ALERT TO POTENTIAL "SECONDARY ACTIVITIES" OF SOVIET "ENGINEERS" AND MAINTAINS CLOSE SCRUTINY OF THEM TO PRECLUDE EXCESSIVE DEVELOPMENT OF "CLASS TIES."

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